

*THE BANK OF THE UNITED
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(beyond what was needed for banking houses) unless the property came into its hands in satisfaction of mortgages or judgments.¹ The only limitation upon note issues was that which limited all debts other than deposits to the amount of the capital stock. The notes were receivable for dues to the government so long as they were redeemable in coin on demand. The charter was granted for twenty years, with the provision that Congress should not charter another bank within that time. This was far from implying a monopoly of note issues, for the State banks were in no way disturbed in their privileges and methods except so far as the new institution by its example acted as a regulator of the currency. Its large capital and pre-eminent position operated, and were intended to operate, to give it such a commanding position as was occupied by the Bank of England among the country banks of that country.

The charter provided that one-fifth of the capital should be subscribed by the government of the United States, but a loan was to be made to the government equal to the amount subscribed, to be repaid in ten annual instalments of \$200,000 each, with interest at six per cent. No other loans were to be made to the government exceeding \$100,000 without authority of law. The practical effect of the government holdings of stock was simply to give the bank the note of the government for its final payment, but as the bank was forbidden to deal in its own stock the process of issue of the government stock was somewhat complicated. It would have been useless for the government to draw money from Europe to pay into the treasury of the bank, to be immediately drawn out again and remitted to Europe for charges there. The course adopted was for the Treasurer of the United States to draw bills of exchange on the American Commissioners in Amsterdam for the amount required to

¹ It is significant of Hamilton's growing familiarity with finance that he did not revive[^] the project of the bank of issue based upon landed security which had attracted him a few years before, but laid down in his report the correct theory of a credit currency based upon quick assets.— *Works*) III., 106-107.